

**Special Accounts Senior Management Committee Meeting
Action Items and Meeting Notes
December 15, 2010 9-11am
EPA Potomac Yards South Room S-5100**

Attendees in Person:

Jim Woolford, OSWER/OSRTI
David Bloom, OCFO/OB
Elliott Gilberg, OECA/OSRE
Steve Silzer, OCFO/OFM
Tracey Stewart, OSWER/OSRTI
Betsy Southerland, OSWER/OSRTI
Art Flaks, OSWER/OSRTI
Sandra Connors, OECA/OSRE
Patricia Mott, OECA/OSRE
Hollis Luzecky, OECA/OSRE
Manuel Ronquillo, OECA/OSRE
Filomena Chau, OECA/OSRE
Laura Ripley, OCFO/OB
Meshell Jones Peeler, OCFO/OFM
Meridith Sebring, OSWER/ARMS
Joel Woodson, Booz Allen Hamilton (contractor support)

Attendees via phone:

Raffael Stein, OCFO/OFS
Greg Luebbering, Cincinnati Finance Center
Erica Ford, OCFO/OFM
Walter Mugdan, Region 2
Chloe Metz, Region 2
Leslie Peterson, Region 2
Jennifer Chernowski, Region 2
Anita Davis, Region 4
Ryan Kane, Booz Allen Hamilton (contractor support)
Anthony Smaldon, Booz Allen Hamilton (contractor support)

Introduction

Jim W. began the meeting and attendees in the room and on the phone introduced themselves. Jim W. walked through the agenda and goals for the meeting that are listed in the Power Point presentation titled "SASMC December 2010 Meeting_FINAL". He also touched on the summary of the July 2010 meeting and the outcomes/decisions made in that meeting.

SASMC Budget Update and Planned Activities

David B. discussed the uses to date of the ^{Exemption 5 - Del} set aside to assist with the management of special accounts (SA). **Exemption 5 - Deliberative Process** Offices did not identify any additional need for funds in FY 2011. **Exemption 5 - Deliberative Process**

In addition, Jim W. mentioned that some of

these funds may be needed in the future to implement any recommendations that may come out of the GAO review currently underway.

Activities Under SASMC Charter

Jim W. touched on the chart depicting the responsibilities of the Committee as outlined in the Charter (slides 9-10). The chart depicts the activities the Committee undertakes to address those responsibilities. Discussion on these responsibilities and how they relate to Committee meetings was held at the conclusion of the meeting. David B. mentioned that he thought the intent of the meetings should be to focus on the direction of SAs, not to receive status updates that don't require any action by the Committee. The Committee decided that the meetings should only address critical issues and/or actions needed by the Committee, and all other materials meant to advise/inform the Committee should be provided as background materials in preparation for the meetings. OSRTI will work with staff in the other offices to ensure future meeting agendas address only critical issues rather than status updates.

Financial Status of Special Accounts

David B. walked the group through the financial status of SAs provided on slide 11 and noted that for FY 2010, the status of SAs appears to be moving in a good direction. He added that the one thing that this status doesn't spell out is how SA funds are actually utilized compared to how they are planned in the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS). He mentioned that this would better inform how funds are being utilized.

Update on New Financial System (and Impact to SAs)

Laura R. noted that she was tasked to look into several issues surrounding the new financial system planned for release in Fall 2011, and how the release would impact SAs. One of the major issues discussed was the fact that the new system will only contain historical financial transactions from the previous ten years for the Superfund program. The limited financial data may impact efforts to reclassify old financial transactions using SA dollars. Laura R. noted that Alan Youkeles performed an analysis of the sites and accounts that will be affected given the ten year historical transaction period. Alan determined that a significant amount of financial data related to sites with SAs would be missing from the new system. She also noted that with the new system, there is a potential issue around reporting. All financial transactions older than ten years will be housed in a data warehouse similar to the current Financial Data Warehouse (FDW). Two different systems (the new financial system and the data warehouse for transactions more than ten years old) will be used to compile reports and additional work will be necessary to reconcile the data to ensure consistent reporting of the SA universe.

The question was raised as to why the new financial system will only include ten years worth of historical data. Laura R. noted that this is most likely due to cost considerations and David B. added that an additional reason is so that the data migration can be completed within the scheduled timeframe to get the new system to production. Jim W. asked if additional data beyond the ten year period can be loaded after the initial production move in 2011. Laura R. replied that there will be a process to convert and import other data after the initial migration on an as-needed basis. Jim W. also voiced concern that he is worried about old SAs not being brought forward that have little or no disbursements and what would happen to the tracking of

those SAs, as well as a possible increase to the reclassification workload. Laura R. replied that the available balance for old accounts will be brought forward and that SA funds will still be available for use. Greg L. added that reclassifying shouldn't be a problem for the older accounts as the actual transactions don't need to be in the new system in order to be able to be used for reclassification. Laura R. also added that the dual system reporting and reconciliation between the two systems will likely pose a workload issue.

Jim W. asked a question regarding whether HQ had been working with the Regions on these issues. Laura R. replied that a memo from the Office of Technology and Solutions (OTS) had gone out to HQ stakeholders for verification on the data migration strategy for Superfund, but was not distributed to the Regions by OTS. Jim W. noted that a review of impacts to the Regions needs to be facilitated with the Regional stakeholders. Tracey S. added that due to the complexity of the move to the new system, HQ SA staff members are not in a position to fully explain the workings of the new system to the Regions and that they need input from OTS. Jim W. forwarded an email he had received from OTS to Region 2, as lead region for the Superfund program, requesting that his staff, along with OECA/OSRE, OSWER/OEM, and OCFO/OB, among others, identify the top sites that are known to require redistribution or are in the process of conducting cost recovery activities falling outside of the 10 year data migration limitation for inclusion in the initial integration by December 31, 2010. Jim W. asked that this email be forwarded to regional program and SA contacts to make sure they were aware of the request. Anita D. and Leslie P. noted that it was unclear what information OTS needs to identify the sites in the financial system, and it would be difficult to provide the information by the deadline requested in the email.

Laura R. noted that HQ had explored establishing a link between the Cincinnati database and the new financial system but that the OTS within the Office of the Chief Financial Officer (OCFO) indicated that a linkage was not in the plans. David B. added that further discussions are needed with OTS regarding open issues with the new system and the potential risks surrounding the data migration.

SA Documents Under Development

Tracey S. walked through the status of the SA documents under development that are listed on slides 14-15 of the presentation:

- The "Planning and Use of SAs Guidance" was finalized on September 28, 2010, and it closed out one of the Office of Inspector General (OIG) recommendations.
- The Review of FY 2009 and 2010 Reclassifications, Transfers to the Trust Fund, and Closeout is to be completed by December 23, 2010 due to the holidays in order to meet the completion deadline of December 31, 2010. Tracey S. added that these materials were sent out with the SASMC meeting materials.
- The "Placement of funds into a Special Account" considerations will likely be integrated into the "Financial Management of Special Accounts (RMDS 2550D Ch. 15)" document. This issue relates to determining amounts to deposit in SAs based on an estimation of the amount of future work at a given site.
- The fact sheet for reclassifying Superfund expenditures will now include recommendations for improving SA reclassifications the Committee will discuss further in the meeting.

-The “2010 Special Accounts Senior Management Committee Annual Report” document is a new item on the list that will be completed by March 31, 2011.

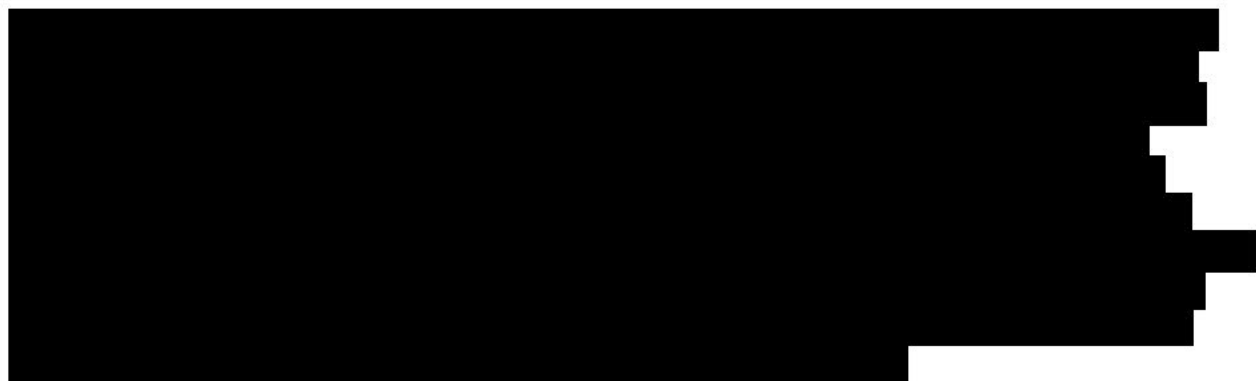

Hollis L. stated that OSRE is working on issuing the sample memos by March 31, 2011, if not earlier.

Laura R. noted that the FY 2011 Deobligation Recertification Guidance was completed on October 28, 2010.

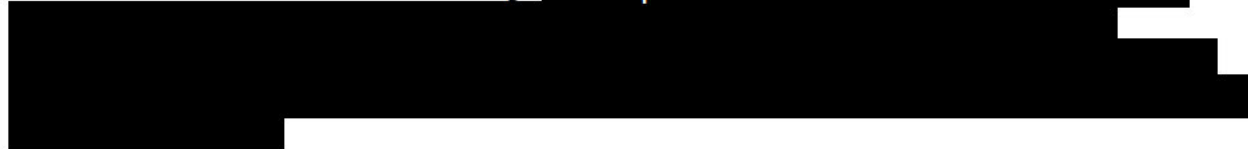
Meshell Jones-Peeler noted that the workgroup updating the Financial Management of SAs (RMDS Ch. 15) will be re-started in January 2011.

Innovative Emerging Uses of SAs

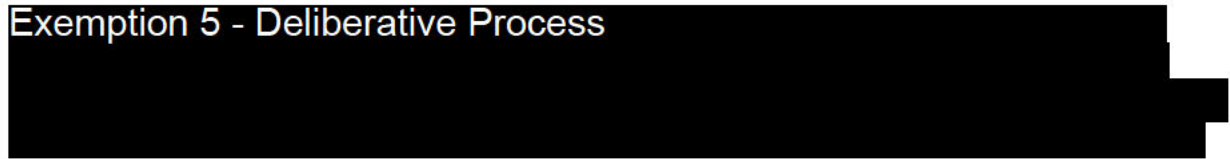
Exemption 5 - Attorney-Client Privilege




Sandra C. led a discussion on the use of CERCLA and SAs to support RCRA Corrective Action (CA) goals (slide 27). This is contemplated in the National Enforcement Strategy for Corrective Action (NESCA), which was issued in April 2010. She also added that NESCA is based broadly on the use of CERCLA enforcement authority to compel cleanup, but was not focused solely on the use of SAs at RCRA sites. She noted that OSRE had responded to questions regarding the SA issue from the last SASMC meeting. **Exemption 5 - Deliberative Process**



Exemption 5 - Deliberative Process



Exemption 5 - Deliberative Process

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Planned Uses for SA Resources

Due to time constraints, Tracey S. asked the SASMC if they had any questions pertaining to the FY 2011 SA date review write-up provided as part of the Committee materials. The SASMC did not have any questions and had reviewed slides 17-20 prior to the meeting. Filomena C. directed

the Committee to slide 22, stating that HQ wanted to look at the composition of SAs with less than \$500K available in order to see where accounts can potentially be used and closed out. Tracey S. noted that HQ looks at every account and the plans for all accounts, but wanted to discuss at the national SA meeting if there is a way to more efficiently manage these smaller accounts given regional and HQ workload concerns with managing more than 900 accounts.

Steve S. asked if there was a way to look at the average costs of maintaining SAs in order to help make a determination on how to better manage the smaller accounts, or alternatively if there is a minimum level of effort required to manage these accounts.

Jim W. noted that looking at the accounts with less than \$250K in available balances, that those accounts represent 52% of the total number of accounts, but only 2% of the total available balance amount. **Exemption 5 - Deliberative Process**

Tracey S. noted on slide 24 that a discussion with the Regions needs to take place around long-term planning because of the difference in planning estimates. **Exemption 5 - Deliberative Process**

Exemption 5 - Deliberative Process
This item will also be discussed at the national SA meeting with all of the regions.

Reclassifications and Transfers to the Trust Fund

Tracey S. walked through slides 29-35 of the presentation and noted that the number of accounts and amounts reclassified and transferred to the Trust Fund for 2010 were much better than 2009. On slide 30, Tracey S. noted that a document explaining the data and analysis conducted for reviewing planned reclassifications, transfers to the Trust Fund, and account closures and those actions completed in FY 2009 and FY 2010 had been provided to the Committee as part of the materials for the meeting. OSRTI's review found that there were overall improvements in FY 2010 for completing actions planned in CERCLIS, and more actions were combined in FY 2010 than in FY 2009, such as an account completing both reclassification and closure in the same year. This review also identified a threshold amount for notifying HQ of actions. It was noted that the planning of account closures in CERCLIS could be improved, and at the end of FY 2010 there were still planned reclassifications, transfers to the Trust Fund, and account closures that were planned in FY 2010 and moved to future FYs for completion, primarily due to workload issues with completing transactions.

Tracey S. noted on slide 31 that as part of the discussion on the FY 2011 recertification policy for SA reclassifications, the SASMC requested staff to identify ways to improve the reclassification process. Tracey S. walked through the proposals that were discussed with the regions on a national conference call. She noted on slide 32 that in an effort to improve the reclassification process, there could be a loosening of HQ control on the notification memos and that a threshold amount was being considered in order to draw the line on when memos are and are not required for reclassifications and transfers to the Trust Fund. Jim W. asked what

threshold amount will be recommended at this point and Tracey S. replied that \$200K will likely be the amount.

Exemption 5 - Deliberative Process

Tracey S. re-iterated here that Regions would still need to follow the guidance even if they do not have to provide memos for smaller accounts. Steve S. suggested that internal controls be instituted to ensure that those accounts where a notification memo to HQ is not required continue to follow and implement current guidance. It was suggested that a sample of accounts where memos were not required be reviewed by HQ each year to ensure actions continue to be taken consistent with guidance.

The SASMC approved the following recommendations for improving reclassifications, transfers to the Trust Fund, and account closures:

- Obtain site background information in notification memos from other readily available sources.
- Notification memos to HQ are required for reclassifications, TF transfers, and account closures > \$200K. Accounts with actions less than \$200K will not require a notification memo, but regions will still be required to follow guidance as to the appropriate time and use to conduct these actions. HQ will conduct a review on a sample of actions where memos were not required to ensure guidance is being followed.
- OSRTI and OCFO will develop a crosswalk of former budget structures to the current budget structure.
- OCFO will develop an ORBIT standard report to identify appropriated expenditures eligible for reclassification.
- HQ will clarify expectations for reclassifying workload-intensive transactions, such as payroll and pre-IFMS expenditures.
- Regions can provide large KV documents to CFC to process.
- OSRTI and OCFO will develop a closeout checklist.
- OSRTI will improve communications with other HQ offices regarding the recertification of funds made available from SA reclassifications.

David B. noted on slide 34 that one issue that needs to be reviewed for FY 2012 will be the Deobligation Recertification Guidance. Jim W. added that this needs more discussion before the next SASMC meeting. It was decided that a discussion should occur in the March 2011 timeframe.

Status of OIG Audits and Recommendations

Tracey S. walked through slides 36-39 of the presentation and noted that the Government Accountability Office (GAO) is currently requesting and reviewing data in order to assess the management of SAs. Tracey S. noted that SASMC staff has walked them through the setup and use of special accounts, and provided information on CERCLIS and IFMS/FDW, in addition to providing special account data requested. She also mentioned that GAO contacted Region 2 and Region 4 to request information about region-specific procedures for managing SAs, and it is possible that GAO will reach out to other regions as well.

Action Items

Item	Staff Member	Due Date/Status
Forward email to regional program and SA contacts on request for sites where financial data more than 10 years old should be migrated to new financial system.	Chloe Metz Tracey Stewart	Completed on December 16, 2011
Discuss at the national SA meeting managing accounts with less than \$500K available and long-term planning horizons for SA funds.	Tracey Stewart	June 2011
Hold discussion on FY 2012 recertification policy for SA reclassifications.	Tracey Stewart	March 2011
Review the Special Accounts Senior Management Strategy for 2011-2012 and provide final comments to OSRTI prior to signature.	All	Completed on January 7, 2011